

**आयकर अपीलीय अधिकरण 'बी' न्यायपीठ चेन्नई में।**  
**IN THE INCOME TAX APPELLATE TRIBUNAL**  
**'B' BENCH, CHENNAI**

मजनीय श्री मनोज कुमार अग्रवाल, लेखक सदस्य एवं  
मजनीय श्री मनु कुमार गिरि, न्यायिक सदस्य के समक्ष।  
**BEFORE HON'BLE SHRI MANOJ KUMAR AGGARWAL, AM**  
**AND HON'BLE SHRI MANU KUMAR GIRI, JM**

**आयकर अपील सं. ITA No.2482/Chny/2024**  
**(निर्धारणवर्ष / Assessment Year: 2018-19)**

<b>Shri Vijayarangam Pillai Lohit Kumar</b> No.1, Muthiah Mudali Street Gopalapuram, Chennai – 600 086	<b>बनम/</b> <b>Vs.</b>	<b>ITO</b> Non Corporate Circle 3(1) Chennai
स्थायी लेखासं./जी आइ आर सं./PAN/GIR No. <b>AACPL-3510-G</b>		
(अपीलार्थी/ <b>Appellant</b> )	:	(प्रत्यर्थी / <b>Respondent</b> )

अपीलार्थी की ओरसे/ <b>Appellant by</b>	:	Shri R. Vijayaraghavan (Advocate) - Ld.AR
प्रत्यर्थी की ओरसे/ <b>Respondent by</b>	:	Ms. T.M. Suganthamala (Addl.CIT) - Ld. Sr. DR

सुनवाई की तारीख/ <b>Date of Hearing</b>	:	11-12-2024
घोषणा की तारीख / <b>Date of Pronouncement</b>	:	11-12-2024

**आदेश / ORDER**

**Manoj Kumar Aggarwal (Accountant Member)**

1. Aforesaid appeal by assessee for Assessment Year (AY) 2018-19 arises out of the order of learned Commissioner of Income Tax (Appeals), National Faceless Appeal Centre (NFAC), Delhi [CIT(A)] dated 24-07-2024 in the matter of an assessment framed by Ld. Assessing Officer [AO] u/s. 143(3) of the Act on 01-02-2021. The sole grievance of the assessee is disallowance of expenditure u/s 57(iii). Having heard rival submissions, the appeal is disposed-off as under.

2. The assessee rented out certain properties for commercial purposes. The assessee offered building maintenance, GST, Service Tax, interest etc. for Rs.45.27 Lacs as 'Income from other sources'. At the same time the assessee claimed expenditure of GST, Service tax, building maintenance, Genset expenses, Lift Maintenance and Electricity Charges aggregating to Rs.51.55 Lacs against the same. Out of expenditure of Rs.19.54 Lacs as claimed on account of building maintenance, Genset expenses, Lift Maintenance and Electricity charges, the amount of Rs.8.32 Lacs was paid from assessee's own bank account whereas the remaining expenditure of Rs.11.21 Lacs was paid through bank account of HUF as detailed in the assessment order. The assessee submitted that the payments effected through HUF account were deemed as loan from HUF. However, in the absence of sufficient documentary evidences as forthcoming from the assessee, the aforesaid submissions were rejected and the expenditure of Rs.11.21 Lacs was disallowed. The Ld. CIT(A) noted that the assessee failed to establish the nexus between the income earned and expenditure incurred. The conditions specified u/s 57 for allowing expenses incurred wholly and exclusively for earning the income had not been fulfilled by the assessee. The assessee failed to substantiate the same even during appellate proceedings. Accordingly, the stand of Ld. AO was confirmed. Aggrieved, the assessee is in further appeal before us.

3. The Ld. AR submitted that the corresponding rental income has been offered to tax as 'Income from other sources' and the expenditure so incurred by the assessee fulfill the conditions of Sec. 57(iii). The Ld. AR also stated that there were loan transactions between the assessee and HUF entity and the payment made through the bank account of HUF

was adjusted in the loan account ledger. The Ld. AR submitted that the assessee is in a position to substantiate the same, if another opportunity is granted.

4. We are of the opinion that the issue is factual one. As per conditions of Sec. 57(iii), any expenditure incurred wholly and exclusively for earning of the income which is offered under the head 'income from other sources' would be allowable to the assessee. The assessee must prove this nexus. Secondly, it has to be established that the expenditure was incurred by the assessee only and not by other entity and no deduction thereof was claimed by the other entity. For the said purpose of examination and verification, the issue of deduction u/s 57(iii) stand restored back to the file of Ld. AO for de novo assessment with a direction to the assessee to substantiate the same.

5. The appeal stand allowed for statistical purposes.

*Order pronounced on 11<sup>th</sup> December, 2024.*

Sd/- (MANU KUMAR GIRI) न्यायिक सदस्य / JUDICIAL MEMBER	Sd/- (MANOJ KUMAR AGGARWAL) लेखक सदस्य / ACCOUNTANT MEMBER
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चेन्नई Chennai; दिनांक Dated : 11-12-2024  
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**आदेशकीप्रतिलिपिअग्रेषित/Copy of the Order forwarded to :**

1. अपीलार्थी/Appellant
2. प्रत्यर्थी/Respondent
3. आयकरआयुक्त/CIT Chennai
4. विभागीयप्रतिनिधि/DR
5. गार्डफाईल/GF